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ABSTRACT

This summary report presents an overall assessment of future work force trends, both nationally and regionally, to the year 2000. It is intended to serve as a basis for understanding the principal forces affecting labor supply and demand over the next decade, particularly at the state and regional level. Statistics are drawn from state bureaus of employment services and from the Occupational Information System. Some of the factors affecting the labor market addressed by the report are the following: demographics, technological advances, political restructuring, economic trends, sociological forces, educational changes, and environmental effects. The report also lists emerging state work force policy issues: health care benefits, child care, cost of living, employer-based education and training programs, crime, clean air, and other concerns. (KC)

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WORKFORCE TRENDS

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AN ASSESSMENT OF THE FUTURE BY EMPLOYMENT SECURITY AGENCIES

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Produced by
Interstate Conference of
Employment Security Agencies, Inc.
Suite 126
444 North Capitol Street, N.W.
Washington, D. C. 20001

(202) 628-5588

President Mike Deisz
Executive Vice President Emily DeRocco

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PREFACE

The mission of the Interstate Conference of Employment Security Agencies (ICESA) is to serve both as an advocate for employment security policies and systems, and as a support system for administrators and the state agencies of the Employment Security system. This publication is one in a series of products designed to accomplish that mission.

This summary report presents an overall assessment of future workforce trends, both nationally and regionally, to the year 2000. It is intended to serve as a basis for understanding the principal forces affecting labor supply and demand over the next decade, particularly at the state and regional level. An understanding of these forces is deemed to be the first step toward developing responsible policy planning and human resource strategies in addressing these issues.

One of the major products of every state Employment Security agency is basic labor market information. State agencies work directly with the Bureau of Labor Statistics to gather core labor market data. Often, states supplement this basic data with enhanced labor market information. In addition, many states have local labor market analysts who reside in the same areas they serve. Each state also has a State Occupational Information Coordinating Committee (SOICC) which promotes the use of labor market information for educational, employment, and training program planning.

Admittedly, even precise and timely standardized labor market information can sometimes miss sharply focused requirements. As a result, state legislatures frequently provide funding for special labor market studies. In addition, many state Employment Security agencies have the capacity to provide services on large custom labor market information requests at cost. All states, however, generate descriptive information on occupations, wage rates, employment by industry, and long-range projections.

To that end, the ICESA Labor Market Information Committee surveyed states as to perceived occupational shortages, basic skills mismatch, and state versus national labor market trends. Surveys were mailed in March 1990; 46 states responded. The results painted a picture of the emerging dominant labor market trends, and highlighted state policy in affecting appropriate action. Following is a summary of these findings.

It should be noted that specific information about state labor markets is readily available from the respective Employment Security departments. These agencies produce a number of publications dealing with the current and future workforce. For further information on ICESA or this publication, please contact Emily DeRocco, ICESA Executive Vice President, or Gary Crossley, Labor Market Information Director for ICESA, at (202) 628-5588.

PLANNING FOR THE 21st CENTURY

"Jobs are becoming more demanding, more complex. But our schools don't seem up to the task. They are producing students who lack the skills that business so desperately needs to compete in today's global economy. And in doing so, they are condemning students to a life devoid of meaningful employment."

"From now until the end of the century, 88% of work-force growth will come from women, blacks, and people of Hispanic or Asian origin, including immigrants. White men, meanwhile, account for most retirees and are leaving the work force in record numbers."

"The Hudson Institute, in a study for the Department of Labor called *Workforce 2000*, confirms the growing complexity of most jobs. By the year 2000, it says, below-average skills will be good enough for only 27% of jobs created between 1985 and then, compared with 40% of the jobs existing in the mid-1980s. And 41% of the new jobs will require average or better skill levels, up from 24%, the study says."

"Mr. Thompson's company (General Railroad Co.) is still struggling to find skilled young workers, but, he says, the investment in training its own was worth it. 'If you think training is expensive,' he says, 'ask yourself, "What's the cost of ignorance?"'

"Smarter Jobs, Dumber Workers. Is That America's Future?" *The Wall Street Journal Reports*, February 9, 1990.

Labor market information is not only important for training and educational initiatives, but also for many policies of federal, state, and local governments and private organizations.

This report will enhance the strategic planning and policy formation for many diverse organizations. Organizations conducting strategic planning in the following areas should benefit from this report.

Employment Issues
- Decline of youth entering the workforce
- Keeping older workers in the workforce
- Workplace access (ethnic minorities and persons with disability)
- Migrant farmworkers (supply and demand)
- Growth of contingent workforce
- Use of flex time and home workers
- Employer benefit plans (e.g., healthcare, retirement)

Education/Training Issues
- University, community college programs
- Vocational education/apprenticeship programs
- Employer-based programs

Demographic Issues
- Immigration
- Child care

Quality of Life Issues
- Crime
- Transportation
- Environmental issues (growth management)

Economic Issues
- Wages vs. prices
- Affordable housing

The Federal-State Connection

The federal Department of Labor, along with State Employment Security Agencies (SESAs), have responsibilities for several major programs - unemployment insurance, employment service, and the Job Training Partnership Act (JTPA). The need for labor market information links all these programs. Labor market information is simply the entire body of knowledge that describes employment, unemployment, and the environment that brings workers and jobs together. That environment can be described in many terms: educational, occupational, geographic, financial, quality of life, value systems, and others.

Labor market information is a major program for each state Employment Security agency. Each SESA receives funding from the U.S. Department of Labor, Employment and Training Administration and the Bureau of Labor Statistics for major federal and state LMI products. In addition, state legislatures are increasing funds for state and sub-state labor market information and analysis.

TRACKING NATIONAL WORKFORCE TRENDS

Many publications have been written and circulated on national labor market trends. These trends have been analyzed and used for national, state, and sub-state planning by government, educational institutions, and private organizations.

The primary source for these trends is information gathered by the Bureau of Labor Statistics (BLS) under cooperative agreements with each state. The most recent trends from BLS were published in the November 1989 issue of the *Monthly Labor Review.* BLS prepares a ten-year projection of labor force trends every two years. Current projections are to the year 2000.

For a comprehensive understanding of the trends, including assumptions and alternative projections, the reader is referred to such publications as the *Monthly Labor Review.* Another publication of the BLS is the *Occupational Outlook Quarterly.* Its fall 1989 issue presents projections to the year 2000.

The labor force trends identified and analyzed by BLS with the cooperation of State Employment Security Agencies are used in books, journals, and newspapers/magazines to report on the future workforce. This includes many publications with large circulations throughout the country.

Major Factors Affecting The Labor Market

- Demographic (population, growth, ethnicity, immigration)
- Technological (communications, information processing, design, and production processes)
- Political (national, state, and local politics). Examples of political trends include: European consolidation, East European and Soviet Union restructuring, Pacific-Rim changes, as well as state and national political movements.
- Economic (closely tied with political trends; military and defense plans; debt reduction; investment)
- Sociological (government social services, welfare, ethics, religion, human capital, cultural diversity)
- Educational (elementary, secondary, higher education, vocational instruction, employer-based training, and apprenticeship programs)
- Environmental (growth management, transportation, quality of life)

These major factors affect labor market projections. From another perspective, all organizations who plan and develop policies in the above areas rely on labor market information.

Examples of magazines/newspapers featuring labor force trends include: *Business Week*, September 19, 1988, with a feature, "Human Capital, The Decline of America's Work force"; *U.S. News & World Report*, June 26, 1989, with a feature, "Jobs, Skills Young Americans Need to Succeed. Why schools and companies are failing them"; *Omni*, October 1989, with "Trends and Predictions for Year 2000 and Beyond"; *The Wall Street Journal*, February 9, 1990, with a special report on education.

Demographics Drive Workforce Trends

These major labor market trends are driven by several demographic facts.

• **The population and workforce will grow more slowly than at any time since the 1930s.** Slow growth rates will tend to slow down the nation's economic expansion and will shift the economy more toward income-sensitive products and services. Labor markets may tighten, forcing employers to use more capital-intensive production systems.

• **With fewer young workers entering the labor market, the average age of the population and the workforce will rise.** As the baby boom generation ages and the baby bust enters the workforce, the average age of the workforce will climb from 36 today to 39 by the year 2000.

This decline in the number of young people in the labor force will have both positive and negative impacts. On the one hand, the older workforce will be more experienced, stable, and reliable. The reverse side of this stability will be a lower level of adaptability. Older workers, for example, are less likely to move, to change occupations, or to undertake retraining than younger workers. Companies that have grown by adding large numbers of flexible, lower-paid young workers will find such workers in short supply in the 1990s.

• **More women will enter the workforce.** Almost two-thirds of the new entrants into the workforce between now and the year 2000 will be women. And by the end of this century 61 percent of *all* women of working age are expected to be in the workforce. In response to the continued feminization of work, the convenience industries will boom; "instant" products and "delivered-to-the-door" service will be common throughout the economy. Demand for day care and for more time off from work for pregnancy leave and child-rearing duties will certainly increase, as will interest in part-time employment, flexible hours, and work-at-home periods.

• **Minorities will be a larger share of new entrants into the labor force.** Non-whites will make up 29 percent of the new entrants into the labor force between now and the year 2000 - twice their current share.

• **Immigrants will represent the largest share of the increase in population and workforce since World War I.** Even with the new immigration law, approximately 600,000 legal and illegal immigrants are projected to enter the U.S. annually through the balance of the century. These workers, concentrated in the South and West, are likely to reshape local economies dramatically, promoting faster economic growth and labor surpluses.

Economic Forecasts For The Year 2000

Employment growth. Total job growth is expected to average 1.2 percent annually through 2000 compared with 2.3 percent a year from 1976 to 1988.

Industry employment. Of the 18 million new jobs expected by 2000, the services-producing sector will dominate, with about half of the jobs occurring in retail trade, health services, and business services.

Medical care. New technologies are boosting the demand for health services. The rapidly growing population age 75 and older also increases the demand for medical care. Because of the rapid expansion of health care employment, seven of the ten fastest growing occupations between 1988 and 2000 are health-related.

Business services. Business services come close to health care as a source for a large number of new jobs over the next 12 years. The largest of the nine business services, and the one category projected to add the most new jobs, is personnel supply service, which includes the fast-growing temporary help industry.

Education. Almost 1.2 million jobs will be added to education over the next decade. Most of the new jobs will be in the public sector, reflecting rising enrollment projected for elementary and secondary schools. Not all the increase in public and private education will be for teachers. Increases are also expected for teacher aides, counselors, technicians, and administrative staff.

Related to the educational sector is the private ***child care industry.*** Rapid growth occurred during the 1980s. This growth is expected to slow with the decline of under age five population.

Retail trade. Retail trade is projected to add 3.8 million new jobs between 1988 and 2000, second only to services among the major industry divisions. Eating and drinking places make up the largest industry within the retail trade division. It is also one of the fastest growing.

Other services-producing industries. Increases are also expected in finance, insurance, and real estate, as well as communications, transportation, and most other services.

Manufacturing and foreign trade. Although the manufacturing division is projected to enjoy a 2.3 percent per year expansion in real output, a modest employment decline of 0.1 percent a year is projected. Continued growth in U.S. exports is expected to buoy the manufacturing division through the coming decade.

Most of the export growth will be concentrated in capital goods industries - in particular, computers. Few other major groups within manufacturing are projected to have a positive trade balance - only instruments, food products, tobacco, printing and publishing, aircraft manufacturing, and chemicals.

Occupational requirements will change.
Changes in the industrial composition of employment will have a major impact on the occupational structure of the labor force. In general, occupational growth will result in opportunities for workers at all levels of education. However, opportunities in the higher-paying occupations will necessarily be limited to persons with the education and training such jobs require.
Each of the three major occupational groups requiring the highest levels of educational attainment - *executive, administrative, and managerial* occupations; *professional specialty* occupations; and *technicians and related support* occupations - is projected to continue to grow more rapidly than the average for total employment over the 1988-2000 period.

Marketing and sales occupations, which expanded much more rapidly than total employment from 1976 to 1988, are expected to increase only slightly faster than average through 2000. Employment in *administrative support occupations, including clerical*, is expected to grow more slowly than average.

Employment in the service occupations group should increase by 23 percent - it will add more jobs than any other major occupational group. *Food preparation* and *service, health service*, and *cleaning and building service* occupations are expected to account for nearly three-fourths of the total employment increase in service occupations.

Occupational trends by industry.
The Bureau of Labor Statistics prepares occupational projections through the use of industry-occupation employment matrixes. An examination of the 1988 and 2000 matrixes shows expected changes in the occupational structure of industries over the period. Of the 18 million increase in jobs projected between 1988 and 2000, 16.6 million are wage and salary jobs in the servces-producing industries.

Other occupational detail.
The Bureau of Labor Statistics has developed projections for nearly 500 detailed occupations and publishes these in the *Monthly Labor Review* and the *Occupational Projections Handbook*. The fastest growing occupations are identified, as well as those with the largest numerical increase.

Declining occupations and worker displacement. By analyzing concentrations of occupations within declining industries, workers subject to displacement are identified. However, such workers may have more favorable re-employment prospects if employment gains in their occupation in growing industries are greater than losses in declining industries. Not all workers in declining occupations whose jobs are eliminated become displaced. Their employers may place them in similar occupations or provide training for other jobs.

The occupation with the largest change in the declining industries is "all other assemblers and fabricators," an occupation heavily concentrated in manufacturing.

SETTING NEW DIRECTIONS FOR NATIONAL POLICIES

Understanding national labor market trends is valuable for developing policies and programs. The policy issues are not new; what is new is the awareness of the workforce trends and the opportunity to direct policies and programs to ameliorate their effects.

The national labor market trends suggest an optimism that unemployment rates could be lowered. Lower unemployment rates combined with faster productivity growth would have a number of positive effects on GNP growth. These effects could lead to more employment opportunities, particularly for the currently underutilized populations, ethnic minorities, older workers, and the disabled.

These windows of opportunity will not simply wait for us to take advantage of them. They must be recognized, and national and state policies must be designed to take advantage of them.

The labor market trends direct our attention to at least five policy issues.

Long-term solutions must include individual and family responsibility for literacy, attitudes toward work, eliminating drug use, and pregnancy prevention. Before the disadvantaged can make greater gains within the occupational structure of this country, there must be some changes in the system of values. The present system makes it more appealing to sell drugs or live on government assistance than to do well in school and hold a job.

It is not possible to review the issues of the workforce and the policies and programs offered to alleviate the problems without seeing their connection. Productivity and job growth and decline are not isolated areas of economic theory regarding the labor market. Nor are the utilization of minorities, the care of children, and the education of youth and adults simply social issues.

The interaction of these five issues suggest that a thorough understanding of them is a challenge. However, it is only through a thorough understanding that programs directed in these areas will ever be successful.

Productivity

Productivity has grown much more slowly in the past 10 to 15 years than in earlier periods. The prospect for productivity growth is related to several factors: research and development, equipment embodying newer technologies, capacity utilization, and capital investment. Another important factor is the education and training of the labor force. Any shortcoming in education and training required for a skilled workforce will limit our productivity growth and ability to compete in the global marketplace.

Job Growth And Decline

Labor market trends are very useful in identifying growing or declining industries and occupations. However, the trends do not address the matching of workers with the available job openings. How does an individual prepare his or her inventory of skills and education to meet the need for workers in a specific geographic area?

Individuals in declining industries or occupations are often unable to secure employment anywhere near the occupational skill level or wages previously held. Displacement of individuals is expected to continue with the global competition of business.

A decline in the growth or level of employment in an industry or occupation does not suggest that the need for these kind of workers is necessarily diminished. Although manufacturing shows a decline in employment levels to the year 2000, it is still projected to employ more than 19 million workers. Replacement of retiring workers or those leaving that industry will be substantial.

Minorities In The Workforce

Blacks, Asians, other races, and Hispanics are projected to represent an increasing share of the labor force in the future. On the other hand, many of the occupations projected to grow the fastest will require post-secondary education, and minorities often lack basic skills necessary to move into these occupations.

The continuing high unemployment rate of blacks and Hispanics illustrates the poor utilization of these population groups. In addition, low labor force participation rates for black males is another symptom of the problem to fully utilize the potential of the labor force.

Child Care

Workforce trends point to the need for child care. Dual income households, as well as single parents, have a need for quality child care.

Employers, as well as government, will need to develop policies and programs that allow parents to maintain their productivity in the workforce, as well as provide child care that gives children a sound developmental environment.

Educational Shortfall

Occupational growth is expected to be most rapid among occupations that require some post-secondary training. Publications abound reflecting on the proficiency of U.S. students compared to those from other countries. The outlook is alarming.

Workplace literacy for occupational needs falls under the domain of adult education, although public school reform is also under consideration across the country. Whether the focus is workplace literacy, high school dropouts, or early childhood education, the magnitude of the problem extends beyond any government program.

TRACKING STATE WORKFORCE TRENDS

The ICESA survey sent to each state asked for comments on whether or not the projected national workforce trends can be observed at the state level. Nearly 60 percent of the states have already felt a shortage of qualified workers, one of the major national workforce issues.

States were also asked if they expected to see the national workforce trends in their state by the year 2000. Almost all of the states expect to see either a shortage of qualified workers and/or an increased education and skills requirement for jobs.

Demographic Trends

Demographic changes are woven into the industry and occupational trends. States commented on the ICESA survey about specific demographic trends in their states.

Due to in-migration, some states, particularly in the West, will not have the shortages of youthful workers that other areas of the country will experience, unless migration slows markedly from recent trends. The major difference between the national projections and a number of western state labor market projections to the year 2000 is the rate of growth. Growth rates in many western areas are twice the national projected growth rate of 1.2 percent per year.

Some states and many urban areas will not be able to expand their employment or state population because of high population density. Some cities already have high female participation rates, so less labor force growth can be expected. In many cities, minority participation rates are also higher than the U.S. average. Labor markets in these areas are likely to be even tighter than those nationally.

A number of states in the Northeast had large expansions of employment during the 1980s. By 1989, very low unemployment rates were causing severe strains on labor resources and infrastructures and resulting in employment declines.

Industry Trends

Employment is projected to grow by 18 million between 1988 and the year 2000. This 15 percent growth rate is only half the 30 percent growth rate of 1976-88 and is almost entirely confined to the services-producing sectors. While the goods-producing sectors will increase by 0.5 million, the services-producing sectors will increase by 16.6 million.

Three-fifths of the growth in the service sectors will be in health and business services. Although all states will see growth in the service sectors, some states will experience growth in the goods-producing sectors greater than the national average.

In two major geographic areas of the country, the West (seven Pacific and Mountain states) and the South (six states), manufacturing is expected to maintain or increase its proportion of total employment. In all, eighteen states responded in the ICESA survey that they expect manufacturing to maintain or gain share of total employment.

Several states expect to see substantially larger than national growth rates in transportation, communications, and utilities.

Although cutbacks in defense procurement and expenditures will cause major changes, many of the states with significant defense spending are geographically positioned to expand foreign trade as an offset. Those along the Pacific Rim expect rapid economic stimulation as those nations' reliance upon free market forces increases and protective trade polices decrease.

Shortage of Qualified Workers

Fifty-seven percent of the states responding to the survey indicated that they see a general shortage of qualified workers.

States not now experiencing a shortage were in three areas of the country. The Rocky Mountain and North Central regions had eleven of

The various trends identified and analyzed by BLS and others are not so much a forecast as an indication of changes that are already occurring. Employment Security agencies have a unique position in observing these trends.

First, they are involved in collecting and analyzing data that make up projections and identify trends. Many states publish state workforce projections similar to the national projections.

Second, states develop policy and administer programs in response to the workforce trends. Employment Security agencies are often called upon by governors, state and local governments, and educational organizations to provide specific analyses of the trends. Thus, Employment Security agencies see firsthand the responses to labor market trends.

the nineteen states. The other eight were on the Atlantic coast (Maine to Florida).

Some of the states, although they did not see a general shortage, saw some shortages in specific occupations/industries.

States were also asked if a general shortage of qualified workers is likely in their state by the year 2000. A great number of states, 65 percent, felt a shortage to be likely. Almost all of the states now seeing a shortage expect it to continue to the year 2000. Two states leave open the possibility that, although they observe some shortages now, they see few shortages by 2000. For the most part, shortages by the year 2000 are anticipated.

Most of the states not seeing a shortage at this time, but expecting one in the year 2000, were in the Rocky Mountain and North Central regions. Of the states along the Atlantic seaboard who do not see general shortages now, only one expects a shortage in the year 2000.

States also mentioned that the shortages likely in the year 2000 are only a forecast; if policies and programs respond quickly to the need for alleviating the shortage, the situation can change.

Labor shortages can be due to a number of factors. Two factors often cited are slower growth rates of population and a mismatch of skills. Economic theory also notes an impact from ineffective adjustments of wages, labor supply, and labor demand. These factors and their influence on demand and supply are in constant flux.

Without major research into the causes of expected shortages, this report attempts to determine if the two often-cited factors are seen as significant contributors to the shortage. Most states felt that both reasons contribute significantly to the shortage. In some states, where there was not a general shortage of qualified workers, but shortages in some specific occupations, "lack of skills" in the workforce was generally the reason.

A little over 20 percent of the states who expect shortages thought that shortages would be due to lack of skills of the workforce (and not slower population growth). These states were primarily in the western U.S., as expected.

Occupations in Short Supply

Job opportunities stem from two sources: an increase in demand for workers in that occupation, and the need to replace workers (those who retire or leave the labor force for other reasons or who transfer to other occupations). In most occupations, openings resulting from replacement needs are far greater than those stemming from increased demand. Therefore, even occupations that are not expected to grow provide opportunities for employment.

In general, however, job opportunities are more favorable in growing occupations. The following graph shows the 20 occupations providing about 40 percent of all new jobs. The *Occupational Outlook Quarterly, Fall 1989*, reports detailed specific occupational trends.

In the ICESA survey, states were asked to identify occupations in short supply. For those states expecting shortages and able to identify specific occupations, the major shortages occurred primarily in the 20 occupations where there is expected to be large national demand. Most states identified occupations in retail sales, health care (nurses, nurse aides and related), janitors and cleaners, teachers, and skilled clerical.

Some regional emphases and differences were detected. Alaska, as well as other states with significant rural areas, expect shortages to be more likely in the outlying areas. Those states with strong seasonal industries are concerned that labor supply will not be sufficient in the major occupations used by these industries. These occupations include farm and cannery workers.

Several states (in the Midwest and South) mentioned that meat and poultry cutting may experience shortages. In the Northeastern states there was more mention of worker shortages in high-technology occupations than in other states.

One common characteristic of a large segment of the shortage related to occupations with low-wage earnings. Regardless of the occupation, entry-level positions in the service industries are viewed as more susceptible to shortages than manufacturing or production occupations. This situation would seem to spin-off directly from lower relative growth rates in employment.

Building A Foundation To Identify Shortages

Most states will see either general or specific labor shortages in their state by the year 2000. In response to the need to understand this trend, 70 percent of the states have already developed some means to identify specific shortages.

Most states have developed methodologies to identify imbalances in the supply and demand of workers in specific occupations. A major program to identify the demand for labor by occupation is funded by the Bureau of Labor Statistics and found in every state – the Occupational Employment Statistics (OES) program.

The OES estimates occupational employment by industry. States collect data for all nonagricultural industries over a recurring three-year cycle. They survey manufacturing industries during one year and nonmanufacturing industries (including government, trade and regulated industries) during the following two years.

Data extracted from the survey include: number of workers by occupation in each industry, percentage distribution of employees by occupation within each industry, and percent of establishment employment within an industry reporting a particular occupation. These survey data are the foundation for occupational projections.

In addition, most states have a means for projecting occupational employment and job openings (demand). The Micro-Matrix system, distributed by the Utah Service Center, is widely used. The National Occupational Information Coordinating Committee (NOICC) has developed an Occupational Information System (OIS), used by most states, that brings demand data together with information on occupational supply and related topics.

The results of the OIS program, using a projection methodology, often allow states to publish both state and sub-state occupational supply and demand information.

New Initiatives to Identify Shortages

In addition to the OIS methodology, states are using other means to identify occupational shortages.

One state is now implementing a major effort to identify specific occupations in which shortages may occur. Their State-Local Labor Market Information program, with five components, begins with five-year occupational projections at the local level. Specific local needs are followed-up with employer surveys to tightly define needs in terms of training, recruitment, qualifications, earnings and hours, advancement patterns, and future outlook. Analytical reports are prepared for each occupation and disseminated to users.

Another state surveys employers in selected industries who are asked to identify the existence and severity of past and existing labor shortages created by the passage of the Immigration Reform and Control Act.

Many states survey employers and/or training program completers. Chambers of Commerce, Private Industry Councils, and other employer groups are widely used to jointly conduct these surveys with state Employment Security agencies.

Some states have developed specific new plans to increase their abilities to understand occupational demand and supply. For most states, the largest problem is to identify the supply of workers. New efforts include: building methodologies to identify shortages, using the labor demand data generated in the OES program, and enhancing the NOICC system to include identification of shortages.

States' Efforts to Reduce Occupational Shortages

The major approaches by states begin with education relating to literacy, basic skills, and training/retraining initiatives. Labor market information is being disseminated to students, teachers, and counselors, as well as to business and the public through presentations and articles.

A number of states have developed innovative approaches using employment services available through state Employment Security agencies. States are finding it important to identify transferable applicant attributes and occupational skills upon registration for ES services. A number of states use a special payroll tax in conjunction with the Unemployment Insurance program to fund innovative job search services.

Several states have new job matching systems. A national Job Bank Processing Center is in place for job seekers to get job information using a computer-assisted self-service program. This service is designed for Job Service Centers, as well as nontraditional sites such as business malls, libraries, and universities.

The Job Training Partnership Act's (JTPA) Service Delivery Areas in each state identify the need for training. JTPA services have a great deal of flexibility and are directed by the goals and objectives of each state's governor.

The JTPA's Economic Dislocation and Worker Adjustment Assistance Act (EDWAA) allocates funds to each state for rapid response in meeting the needs of workers in businesses affected by large layoffs. Labor market information is an integral part of administering this act.

States often use labor market information to develop strategies for handling major plant and industry closures. Strategies include on-site rapid response teams and customized retraining programs. An example is the strategic planning underway to address restructuring in the logging and wood products industries in the Pacific Northwest states.

There are many different ways to address occupational shortages. A variety of approaches has been developed to allow ease of entry into the labor force for those released from correctional institutions, for youth and older workers, and for those with child care needs. Other programs focus on apprenticeship and needs in the healthcare occupations.

Local jurisdictions are recognizing the need to respond to labor force shortages. Local tax dollars are used for on-the-job training (for both youth and adults). Other city initiatives include subsidizing local transportation costs. Youth who are not college bound or scheduled for duty in the armed forces are identified and given job search and placement services.

State programs to ease occupational shortages include using state universities for specific training (such as nursing) and customized training (such as specialized skill for businesses).

The private sector, along with government, is helping bridge the gap to meet the demand for workers. Employer incentives now include sign-up bonuses for occupations in short supply and partial payment of college expenses for majors in certain fields.

EMERGING STATE WORKFORCE POLICY ISSUES

States identified the most significant labor market issues as: the decline in workplace literacy; health care benefits; and the need for adequate child care.

Workplace Literacy.
Workplace literacy (including the closely related issue of high school drop outs) is an important issue as basic skill requirements for jobs change. Many of the fastest growing occupations in the next ten years are those that require high levels of education and literacy.

Demographic observations make clear that the pool of entry-level workers is getting smaller. The majority of new labor force entrants between now and the year 2000 will come from groups that historically have had lower levels of basic skills and lower educational attainment. These include minorities and school dropouts. State and local governments, as well as the federal government, are responding to this issue.

Health Care Benefits.
Health care benefits are tied to the job, not the worker. The same is true of retirement benefits. For workers with stable attachment to employment and for dual-earner households, health care benefits are taken for granted. However, for the unemployed and a great number of the employed, health care insurance is not affordable.

One of the most significant factors for individuals leaving the welfare system is whether or not a job provides health care benefits. Up to this point, government has not significantly addressed this issue - it is considered a part of the employer-employee contract.

Child Care.
America has become a society of dual-income households. In 1960, only 11 percent of women with children under the age of six worked. Today, over half do so. We have just begun to recognize the impact of this trend, let alone adapt to it.

At present, very few employers provide day care as a fringe benefit despite the lower absenteeism and turnover and higher productivity that providing companies enjoy.

As we approach the next century, more progressive employers will likely broaden their support for day care. The long-term social and economic impact of inadequate child care contributes to other social costs. More investments in the care of children of working parents are vital to our economic stability.

This list suggests the breadth of the implications of workforce trends. As states have observed and understood the trends, they have responded with policies and programs that extend far beyond traditional job placement services.

Other Issues

- **Cost of living (wages vs. prices)**
- **Employer-based education and training programs**
- **Transportation and growth management**
- **Decline of youth entering the workforce**
- **Cost of affordable housing (nine states rated this issue as one of the major problems in the state)**
- **Crime (seven states rated this as major problem)**
- **Clean air/water (five states rated this as major problem)**
- **Growth of the contingent workforce (four states rated this as major problem)**
- **Immigration**
- **Migrant farmworkers - supply/demand**
- **Workplace access - ethnic minorities**
- **Workplace access - persons of disability**
- **Portability of retirement benefits**
- **Community college education and training programs**

STATE INITIATED ACTION PLANS

States have developed numerous initiatives to address workforce trends. Many are related to education and training programs.

State Initiatives for Education/Training

The ICESA survey asked if education and skill requirements for jobs will increase in general. All states but one believe they will.

A shortage of qualified workers in at least some occupations is expected across the nation. Almost every state believes there will be an increasing number of unemployed who lack the basic education and skills needed for jobs in the year 2000.

Governors have established task forces on adult literacy. After missions, goals, and strategic directions are outlined, local school systems are involved in developing action plans.

One state's strategic plan included initiatives for strengthening K-12, higher education, and job training. An important key, they found, was to coordinate the higher education system.

Some states found the first step in their plan was to establish a partnership of education, government, and business. Responsibilities were assigned for such goals as "To provide training programs that are more *market-driven*" and "To produce a highly qualified workforce for a technology-based economy."

Governor's teams have been established to understand the school dropout problem and develop a plan for action. Some states have even created new standards for public education.

Other States Initiatives

In addition to proposals for meeting the need for basic education, states have developed other initiatives.

One state has written a "blueprint for education and workforce excellence." A strategic plan, with an appropriation of $12.4 million in lottery revenues, guides 16 specific programs which address: 1) Business needs for employee retraining; 2) Worker and youth needs for training; and 3) Barriers to accessing training.

Another Employment Security Department is implementing a Claimant Employment Program to assist unemployment insurance claimants return to work through intensified work search or job skills training. A Quick Start Job Training Program is designed to ensure that employers have access to a trained workforce.

A number of states have established, by legislation or governor's order, Workforce 2000 Councils. Because these councils are often designed to coordinate employment and training policies, Employment Security agencies play an important role in as much as they administer state employment and training programs.

BUILDING CAPACITY TO ASSESS LABOR MARKET TRENDS

States were asked to make suggestions to improve their capacity to assess labor force trends.

Although all states have some kind of occupational supply/demand information, 20 percent of the states where shortages are expected in the year 2000 do not think they have sufficient precision to identify specific occupations where shortages may occur. There is no federal financial support for an adequate effort to identify occupational shortages at the state or sub-state levels.

State Employment Security agencies recognize the limitations of their ability to identify occupational shortages. They understand that specific occupational projections can quickly become outdated, particularly at the sub-state level. Also, current occupational information inadequately reflects the skill transference individuals can use to move from one occupation to another.

Another need of states is the ability to integrate wage data into a supply - demand model in an economically meaningful fashion. Relative movements in wages should tell us something about supply and demand conditions in the labor markets. A shortage may not necessarily be a deficiency of supply; employers offering to pay the equilibrium wage may correct the shortage. In this case, an increase in training is not the solution to a shortage.

Most states lack data about the "supply" of labor. Other than the institutional data which represents the output of training programs, states have little idea how many people are available to work in a given occupation in a given area. There is a need to know about the existing skills in the labor force, and, often, conditions internal to firms.

Suggestions for Increasing Capacity

Funding. Lack of money for labor market information limits using workforce trend data for specific state and sub-state strategic planning. And the recommendations for increasing capacity often carry a price tag.

The federal government should increase its funding for labor market information. Special grants available to states would allow research into regional or unique labor market issues.

No federal source dedicates funds for state-level labor market information addressing labor supply/demand.

Data enhancement. Many states recommended funding for data collection in a number of areas:

- On-going wage surveys
- Industry and occupational (state) projections
- Multiple job holding
- Employment patterns of new graduates
- Labor supply (school completers and skills of labor force)
- Demographic data (racial, poverty, immigration)
- Interstate tracking of labor migration by location, industry, and occupation
- Job turnover and job vacancy programs

Recently some states have seen the need for a new approach to identify local market conditions by occupation. Detailed data would be collected relevant to hiring practices, advancement opportunities, work conditions, and skill requirements. This type of effort would require greater cooperation among employment service operations, education/training organizations, and local labor market analysts.

Several states suggested better use of state wage records (already collected on a quarterly basis from employers). These data could be supplemented with information about part-time employment status, gender, ethnicity, age, disability, occupation, education, etc.

The Current Population Survey (CPS) could meet a number of labor market information needs if the sample size was larger. States may be able to expand their use of CPS data to improve estimates of monthly employment and unemployment.

Dissemination of Labor Market Information. State Employment Security agencies can be more active in providing technical and economic information to the state's top policy makers in a format that is clear and easy to use.

There is a need for a central clearinghouse to gather and distribute all special LMI studies.

State Employment Security agencies have a great deal of information about labor market trends. Agencies should take on the responsibility of training others to understand and interpret the information.

Coordination and Linkages. States offered specific suggestions for improving coordination in the following areas:

- BLS labor force projections and the Census population projections.
- Regional cooperation in building data bases.
- Standardized census reports developed by the Department of Labor to compare states or counties.
- Sharing information with other state agencies.
- Achieving greater cooperation between education, employers, and state agencies.
- Linking state LMI with state income tax data files, Labor & Industry files.
- Working closer with Chambers of Commerce and business groups.
- Expanding the role and level of contribution from SOICCs.